# INTERNAL AUDIT CHARTER FOR DR NKOSAZANA DLAMINI-ZUMA LOCAL MUNICIPALITY

**2026/27**

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## 1. Introduction

1.1 The Internal Audit Unit has been established in terms of section 165(1) of the Local Government: Municipal Finance Management Act (MFMA). MFMA Circular 65 then provides information to assist municipalities and municipal entities to improve the effectiveness of internal audit and audit committees.

1.2 This Internal Audit Charter represents the general authorization from the Municipal Manager and the Audit Committee to conduct a certain scope of work. The specific authorization to do the work is the Three Year Internal Audit Strategy and the Annual Internal Audit Plan, which is approved by the Audit Committee.

1.3 Risk-based auditing is a central focus as espoused in the MFMA and enacted in the Internal Auditors' audit programs. The risk-based internal audits direct internal audit to address strategic, operational, financial and sustainability issues in the quest to deliver value to the municipality.

## 2. Purpose

2.1 The purpose of the internal audit function is to strengthen Dr Nkosazana Dlamini-Zuma Municipality's (the Municipality's) ability to create, protect, and sustain value by providing the Audit and Performance Audit Committee (APAC) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

2.2 The internal audit function enhances the Municipality's:

2.2.1 Successful achievement of its objectives;

2.2.2 Governance, risk management, and control processes;

2.2.3 Decision-making and oversight;

2.2.4 Reputation and credibility with its stakeholders; and

2.2.5 Ability to serve the public interest.

2.3 The Municipality's internal audit function is most effective when:

2.3.1 Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors' (the IIA's) Global Internal Audit Standards, which are set in the public interest.

2.3.2 The internal audit function is independently positioned with direct accountability to the APAC.

2.3.3 Internal auditors are free from undue influence and committed to making objective assessments.

## 3. Professionalism

3.1 The Internal Audit Unit will govern itself by adherence to the mandatory elements of the Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Global Internal audit standard)

3.2 The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit unit will adhere to the Municipality's relevant policies and procedures and the internal audit unit's internal audit methodology

### 3.2 Commitment to Adhering to the Global Internal Audit Standards

3.2.1 The Municipality's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.

3.2.2. The Chief Audit Executive (CAE) (Manager: Internal Audit) will report quarterly to the APAC and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program (QAIP).

## 4. Mandate

### 4.1 Municipal Finance Management Act (MFMA)

4.1.1 Section 62 of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) provides that the Accounting Officer (Municipal

Manager) of the municipality must take all reasonable steps to ensure that the municipality has and maintains –

4.1.1.1 Effective, efficient and transparent systems of financial and risk management and internal control; and

4.1.1.2 An internal auditing function operating in accordance with prescribed norms and standards.

4.1.2 Section 165 of the MFMA provides that each municipality must have an independent internal audit unit that must:

4.1.2.1 Prepare a risk-based internal audit program for each financial year,

4.1.2.2 Advise the Municipal Manager and report to the APAC on the implementation of the internal audit plan and matters relating to.

(i) Internal audit;

(ii) Internal controls;

(iii) Accounting procedures and practices;

(iv) Risk and risk management;

(v) Performance management;

(vi) Loss control, and compliance with the MFMA, the annual Division of Revenue Act (DORA) and any other applicable legislation; and

(vii) Perform such other duties as may be assigned to it by the APAC.

**4.2 Municipal Systems Act**

4.2.1 Section 45 of the Municipal Systems Act (Act No.32 of 2000) ("Systems Act") determine that the results of performance management system must be audited as part of the municipality's internal audit processes.

## 5. Authority

5.1 The Municipality's APAC grants the internal audit function the mandate to provide the APAC and senior management with objective **assurance, advice, insight,** and **foresight**.

5.2 The internal audit function's authority is created by its direct reporting relationship to the APAC. Such authority allows for unrestricted access to the APAC.

5.3 The APAC authorises the internal audit function to:

5.3.1 Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

5.3.2 Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

5.3.3 Obtain assistance from the necessary personnel of the Municipality and other specialised services from within or outside the Municipality to complete internal audit services.

## 6. Independence, Organizational Position, and Reporting Relationships

6.1 The CAE will be positioned at a level in the Municipality that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.

6.2 The CAE will report functionally to the APAC and administratively (for example, day-to-day operations) to the MM. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the APAC, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

6.3 The CAE will confirm to the APAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

6.4 The CAE will disclose to the APAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

## 7. Changes to the Mandate and Charter

7.1 Circumstances may justify a follow-up discussion between the CAE, APAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

7.1.1 A significant change in the Global Internal Audit Standards;

7.1.2 A significant reorganisation within the Municipality;

7.1.3 Significant changes in the CAE, APAC, and/or senior management.

7.1.4 Significant changes to the Municipality's strategies, objectives, risk profile, or the environment in which the Municipality operates.

7.1.5 New laws or regulations that may affect the nature and/or scope of internal audit services.

## 8. Responsibility

8.1 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Municipality's governance, risk management, and internal controls, as well as the quality of performance in carrying out assigned responsibilities to achieve the Municipality's stated goals and objectives.

8.2 This includes:

8.2.1 Evaluating the governance processes including ethics, especially the tone at the top;

8.2.2 Evaluating risk exposure relating to the achievement of the Municipality's strategic objectives;

8.2.3 Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information;

8.2.4 Determining that the actions of the Municipality's officers, managers, employees, and contractors follow the Municipality's policies, procedures, and applicable laws, regulations, and governance standards;

8.2.5 The results of operations or programmes are consistent with established goals and objectives;

8.2.6 Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Municipality;

8.2.7 Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;

8.2.8 Evaluating the effectiveness and efficiency with which resources are employed;

8.2.9 Evaluating operations or programmes to ascertain whether results are consistent with established objectives and goals, and whether the operations or programmes are being carried out as planned;

8.2.10 Monitoring and evaluating governance processes;

8.2.11 Monitoring and evaluating the effectiveness of the Municipality's risk management processes;

8.2.12 Evaluating the degree of coordination of External Audit with Internal Audit;

8.2.13 Performing advisory and advisory services related to governance, risk management and control as appropriate for the Municipality;

8.2.14 Providing special services as and when required by the Audit Committee;

8.2.15 Conducting its work in accordance with the IIA Standards and Code of Ethics;

8.2.16 Reporting periodically on the Internal Audit Unit's purpose, authority, responsibility, and performance relative to its plan;

8.2.17 Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Council;

8.2.18 Evaluating specific operations at the request of the Council or management, as appropriate;

8.2.19 Evaluating operations or programmes are being carried out effectively and efficiently;

8.2.20 Evaluating established processes and systems to enable compliance with the policies, procedures, laws, and regulations that could have a significant impact on the Municipality;

8.2.21 Evaluating Information and the means used to identify, measure, analyse, classify, and report that such information is reliable and has integrity;

8.2.22 Evaluating that resources and assets are acquired economically, used efficiently, and protected adequately; and,

8.2.23 Maintaining professional audit staff with enough knowledge, skills, experience, and professional certifications to meet the requirements of this Charter within the resource base provided.

8.2.24 In this regard the Head: Internal Audit shall, within the financial limitations and labour relations imposed, take reasonable measures to maintain a core of staff with appropriate knowledge, experience and qualifications. Nothing contained herein shall prohibit the outsourcing or co-sourcing of audit resources.

8.3 **The roles and responsibilities** of the Internal Audit Unit are set out in Section 165 of the Municipal Finance Management Act, Act No 56 of 2003 as follows:

*(2) The internal audit unit must.'*

*(a) Prepare a risk-based internal audit program for each financial year,*

*(b) Advise the City Manager and report to the Audit Committee on the implementation of the internal audit plan and matters relating to.*

*i) Internal audit;*

*ii) Internal controls,*

*iii) Accounting procedures and practices,*

*iv) Risk and risk management,*

*v) Performance management;*

*vi) Loss control, and Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and*

*(c) Perform such other duties as may be assigned to it by the accounting officer.*

## 9. Proficiency

9.1 Engagements shall be performed with proficiency and due professional care. Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities.

9.2 The Internal Audit Unit collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities. Internal auditors are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud but shall have enough knowledge to identify the indicators of fraud.

9.3 Internal auditors are not expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing but shall have knowledge of key information technology risks and controls to enable them to perform their assigned work.

## 10. Due Professional Care

Internal auditors shall apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

## 11. Continuing Professional Development

11.1 Internal auditors are expected to enhance their knowledge, skills, and other competencies through continuing professional development

11.2 Participating in the annual risk assessment process to determine proposed areas of review by internal Audit

11.3 Maintaining internal control, including proper accounting records and other management information suitable for running the Directorates

## 12. Relationship with External Auditors

12.1 The Internal Audit Unit will co-ordinate their work, as far as possible, with that of other assurance providers.

12.2 This will be accomplished through:

- 12.2.1 Meetings between Internal Audit Unit and the Auditor General South Africa to discuss the annual internal audit plans.
- 12.2.2 The exchange of audit work papers including systems documentations;
- 12.2.3 The exchange of management letters;
- 12.2.4 Other aspects of the relationship between the Municipality and the external auditors;
- 12.2.5 Sharing information on actual and perceived risk areas; and,
- 12.2.6 Ensuring attendance by the Auditor General South Africa at Audit Committee meetings.

12.3 The Internal Audit Unit may be asked to assess the adequacy and effectiveness of the combined assurance approach adopted by the Municipality. This assessment includes the completeness of risks covered by the different assurance providers and the reliability of the assurance provided.

## 13. Investigations

13.1 Special investigations requested by the Municipal Manager may be undertaken with the approval of the Municipal Manager and the Audit Committee.

## 14. Advisory Activities

14.1 The Internal Audit Unit may be consulted on significant proposed changes in internal control systems and the implementation of new systems and may make recommendations on the standards of control to be applied.

14.2 This consultancy service extends to advise only, and Internal Auditors will not design or implement internal control or other systems for or on behalf of the management nor will they give any assurances relating to the integrity, functionality or reliability of the system the subject of the consultation. The consultancy service is without prejudice to their ability to review such systems. Acceptance of Advisory Activities

14.3 The following guidelines are provided for assisting the Internal Audit Unit in accepting advisory activities:

14.3.1 Some advisory activities are specifically identified in the approved Internal Audit Annual Plan;

14.3.2 Other advisory activities are initiated by management through communicating directly with the Manager Internal Audit as activities happen within the organisation;

14.3.3 The Manager Internal Audit should request the Audit Committee's approval for advisory activities that significantly affect the approved internal audit's annual plan;

14.3.4 The Manager Internal Audit should consider the impact of independence and objectivity on the Internal Audit Unit before acceptance of the advisory activities;

14.3.5 The Manager Internal Audit should consider the risks associated with the proposed advisory.

14.4 The Manager Internal Audit will decline advisory engagements if in his/her opinion the internal audit staff lacks the knowledge, skills, or other competencies needed to perform all or part of the engagement. Where this is not practical, the limitation shall be disclosed in the report

15. **The following categories of advisory engagements are envisaged**:

| **Type of advisory engagement** | **Description of advisory engagement** |
|---|---|
| Formal advisory engagements | Those that are planned and subject to written agreement |
| Informal advisory engagements | Routine activities such as participation on standing committees, limited-life audit projects, ad-hoc meetings, and routine information exchange |
| Special advisory engagements | Participation on Dedicated teams such as a system conversion team |

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| | Participation on a team established for recovery or maintenance of operations after a disaster or other extraordinary business event or a team assembled to supply temporary help to meet a special request or unusual deadline. |
| Emergency advisory engagements | Participation on a team to supply temporary help to meet a special request or unusual deadline will be performed only after the prior permission of the Audit Committee has been obtained. |

15.1 The nature and scope of advisory engagements will be agreed with the specific directorate, provided the Internal Audit Unit does not assume management responsibility.

15.2 Objectives, scope and limitations of the advisory assignment should be confirmed in writing in an engagement letter/ scoping memorandum. The responsibilities of both management and the Internal Audit Unit should be defined and documented in the engagement letter/scoping memorandum that should be signed by both parties.

15.3 Advisory and other advisory-related services should focus on assisting management in problem-solving activities, in achieving the Municipality's objectives, and in adding value to line and top management.

**16. Limitation of Scope**

16.1 Failure by management to adhere to internal audit timeframes, and/or a scope limitation by management, must be reported, in writing to the Municipal Manager and to the Audit Committee.

16.2 The question of whether an action from management in fact constitutes a scope limitation is at the judgment of the Internal Auditor.

16.3 Except in cases of suspected fraud, the Municipal Manager and the Audit Committee may decide to accept a limitation of scope.

16.4 In such instances, the Internal Auditor should evaluate from time to time whether the circumstances surrounding the scope limitation are still valid and whether the scope limitation needs to be reported again to the Municipal Manager and the Audit Committee for their renewed consideration.

## 17. Disputes by Management on the Factuality of Internal Audit Findings

17.1 The internal auditor must engage the auditee with substantiated evidence of the audit finding. The auditee will then be afforded two (2) days to respond to the facts of the audit finding.

17.2 The internal auditor will assess the response and review the new evidence. An auditor's conclusion will then be submitted to the auditee. Should the audit dispute persist the final arbitrator will be the Audit Committee. This dispute will be submitted to the Audit Committee in writing by the auditee, stating merits and the nature of the dispute.

## 18 Budget of Internal Audit Unit

18.1 It is the responsibility of the Municipal Manager and the Audit Committee to ensure that the Internal Audit Unit is adequately resourced for effective functioning.

18.2 The Manager Internal Audit should control and have responsibility over the Internal Audit Unit's budget.

18.3 The Internal Audit Unit's budget should at least cover the following items:

- 18.3.1 Infrastructure including accommodation, personnel related expenditure;
- 18.3.2 Capital expenditure and software;
- 18.3.3 Training and development;
- 18.3.4 IIA membership fees; and,
- 18.3.5 Quality assurance programs.

18.4 Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management

## 19. Staffing

19.1 The Manager Internal Audit in conjunction with the Municipal Manager, should develop an Internal Audit Unit structure taking cognisance of the organisation's needs including risk and complexity of the operations.

19.2 Provision should be made for levels of supervision and review of audit work in line with due professional care as provided for in the International Standards for the Professional Practice of Internal Auditing (ISPPIA).

19.3 In developing the operational internal audit plan the following key issues must be considered:

19.3.1 Availability (capacity) and skills of internal audit staff;

19.3.2 Changes in the risk environment of the organisation — the risk environment should be assessed on an annual basis;

19.3.3 Approval and acceptance of the operational plan by the Audit Committee; and,

19.3.4 The materiality of ad-hoc requests as this could have a significant impact on the normal audit planning and timing process.

19.4 The operational Internal Audit plan should be reviewed to identify any amendment needed to reflect changing priorities and emerging audit needs. The Audit Committee should approve material changes to the annual plan.

## 20. Audit and Performance Audit Committee (APAC) Oversight

20.1 To establish, maintain, and ensure that the Municipality's internal audit function has sufficient authority to fulfil its duties, the APAC will:

20.1.1 Discuss with the CAE and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

20.1.2 Ensure the CAE has unrestricted access to and communicates and interacts directly with the APAC, including in private meetings without senior management present.

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|---|---|
| 20.1.3 | Discuss with the CAE and senior management other topics that should be included in the internal audit charter. |
| 20.1.4 | Participate in discussions with the CAE and senior management about the **"essential conditions,"** described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function. |
| 20.1 5 | Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services. |
| 20.1.5 | Review the internal audit charter **annually** with the CAE to consider changes affecting the Municipality, such as the employment of a new CAE or changes in the type, severity, and interdependencies of risks to the Municipality; and approve the internal audit charter annually. |
| 20.1.6 | Approve the risk-based internal audit plan. |
| 20.1.7 | Approve the internal audit function's human resources administration and budgets. |
| 20.1.8 | Approve the internal audit function's expenses. |
| 20.1.9 | Collaborate with senior management to determine the qualifications and competencies the Municipality expects in a CAE, as described in the Global Internal Audit Standards. |
| 20.1.10 | Authorise the appointment and removal of the CAE. |
| 20.1.11 | Provide input to management regarding the remuneration of the CAE. |
| 20.1.12 | Review the CAE's performance. |
| 20.1.13 | Receive communications from the CAE about the internal audit function including its performance relative to its plan. |
| 20.1.14 | Ensure a Quality Assurance and Improvement Program (QAIP) has been established and review the results annually. |

20.1.15 Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate.

## 21. Chief Audit Executive (CAE) Roles and Responsibilities

### *21.1 Ethics and Professionalism*

21.1.1 The CAE will ensure that internal auditors:

21.1.1.1 Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

21.1.1.2 Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Municipality and be able to recognise conduct that is contrary to those expectations.

21.1.1.13 Encourage and promote an ethics-based culture in the Municipality.

21.1.1.13 Report organizational behaviour that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

### *21.2 Objectivity*

***21.2.1*** The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

21.2.2 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

21.2.3 Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities

that may impair their judgment, including:

Assessing specific operations for which they had responsibility within the previous year.

21.2.3.1 Performing operational duties for the Municipality.

21.2.3.2 Initiating or approving transactions external to the internal audit function.

21.2.3.3 Directing the activities of any Municipal employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

21.3 Internal auditors will:

21.3.1 Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the CAE, APAC, management, or others.

21.3.2 Exhibit professional objectivity in gathering, evaluating, and communicating information.

21.3.3 Make balanced assessments of all available and relevant facts and circumstances.

21.3.4 Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

## 21.4 *Managing the Internal Audit Function*

***21.4.1*** The CAE has the responsibility to:

21.4.1.1 At least annually, develop a risk-based internal audit plan that considers the input of the APAC and senior management. Discuss the plan with the APAC and senior management and submit the plan to the APAC for review and approval.

21.4.1.2 Communicate the impact of resource limitations on the internal audit plan to the APAC and senior management.

21.4.1.3 Review and adjust the internal audit plan, as necessary, in response to changes in the Municipality's business, risks, operations, programs, systems, and controls.

21.4.1.4 Communicate with the APAC and senior management if there are significant interim changes to the internal audit plan.

21.4.1.5 Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.

21.4.1.6 Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the APAC collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.

21.4.1.7 Identify and consider trends and emerging issues that could impact the Municipality and communicate to the APAC and senior management as appropriate.

21.4.1.8 Consider emerging trends and successful practices in internal auditing.

21.4.1.9 Establish and ensure adherence to methodologies designed to guide the internal audit function.

21.4.1.10 Ensure adherence to the Municipality's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the APAC and senior management.

21.4.1.11 Coordinate activities and consider relying upon the work of other internal and external (Auditor General of South Africa) providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the APAC.

**21.5** ***Communication with the APAC and Senior Management***

***21.5*** The CAE will report periodically (quarterly or annually) to the APAC and senior management regarding:

21.5.1 The internal audit function's mandate.

21.5.2 The internal audit plan and performance relative to its plan.

21.5.3 Internal audit budget.

21.5.4 Significant revisions to the internal audit plan and budget.

21.5.5 Potential impairments to independence, including relevant disclosures as applicable.

21.5.6 Results from the QAIP, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

21.5.7 Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the APAC.

21.5.8 Results of assurance and advisory services.

21.5.9 Resource requirements.

21.5.10 Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Municipality's risk appetite.

21.6 ***Quality Assurance and Improvement Program (QAIP)***

***21.6.1*** The CAE will develop, implement, and maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the internal audit function.

21.6.2 The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

21.6.3 The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

21.6.4 **Annually,** the CAE will communicate with the APAC and senior management about the internal audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Municipality; qualifications must include at least one assessor holding an active Certified Internal Auditor (CIA) credential.22. Scope and Types of Internal Audit Services

**22.1** The scope of internal audit services covers the entire breadth of the organisation, including all the Municipality's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the APAC and management on the adequacy and effectiveness of governance, risk management, and control processes for the Municipality.

**22.2** The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

**22.3** Internal audit engagements may include evaluating whether:

22.3.1 Risks relating to the achievement of the Municipality's strategic objectives are appropriately identified and managed.

22.3.2 The actions of the Municipality's officers, directors, management, employees, and contractors or other relevant parties comply with the Municipality's policies, procedures, and applicable laws, regulations, and governance standards.

22.3.3 The results of operations and programs are consistent with established goals and objectives.

22.3.4 Operations and programs are being carried out effectively and efficiently.

22.3.4 Established processes and systems to enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Municipality.

22.3.5 The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.

22.3.6 Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

## 23. Co-operation and coordination with other assurance providers

Internal Audit is committed to combined assurance, and will maintain a close working relationship with external auditors. Regular meetings and coordination will facilitate a smooth and efficient external audit process, avoiding unnecessary duplication and reducing audit fees, while ensuring that stakeholders receive comprehensive assurance.

**Approved by the APAC at its meeting on** 30 **/** 06 **/2026.**

**Acknowledgments/Signatures**

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|---|---|
| **Manager: Internal Audit** | 29/06/2026 |
| **Miss N Mtintso** | **Date** |
| **Acting Municipal Manager** | 29/06/2026 |
| **Mr S.J Sondezi** | **Date** |
| **APAC Chairperson** | 30/06/2026 |
| **Mr A Gonzalves** | **Date** |